

1998-2896-38

Recorded — Official Records
Humboldt County, California
Carolyn Crnich, Recorder

Recorded by MCNAMARA & PEEPE CORP
Exempt from payment of fees
Clerk: AG Total: 0.00
Feb 4, 1998 at 11:32

Recording Requested By:

McNamara and Peepe Corporation
Blue Lake Forest Products, Inc.

When Recorded, Mail To:

California Environmental Protection Agency
Department of Toxic Substances Control
700 Heinz Avenue, Suite 200
Berkeley, California 94710
Attention: Barbara J. Cook, P.E., Chief
Northern California - Coastal Cleanup
Operations Branch

COVENANT TO RESTRICT USE OF PROPERTY
MCNAMARA AND PEEPE LUMBER MILL

Recording Requested By:

McNamara and Peepe Corporation
Blue Lake Forest Products, Inc.

When Recorded, Mail To:

California Environmental Protection Agency
Department of Toxic Substances Control
700 Heinz Avenue, Suite 200
Berkeley, California 94710
Attention: Barbara J. Cook, P.E., Chief
Northern California - Coastal Cleanup Operations Branch

COVENANT TO RESTRICT USE OF PROPERTY
MCNAMARA AND PEEPE LUMBER MILL

This Covenant and Agreement ("Covenant") is made on the 12 day of January, 1998 by McNamara and Peepe Corporation ("McNamara"), the owner of record of certain property located at 1619 Glendale Drive, in the Community of Glendale, County of Humboldt, State of California, described in Exhibit "A" attached hereto and incorporated herein by this reference ("Property"), by Blue Lake Forest Products, Inc. ("Blue Lake"), which operates a lumber mill on the Property pursuant to a lease-purchase agreement with McNamara and which is the prospective owner of the Property, and by the California Environmental Protection Agency, Department of Toxic Substances Control ("Department"). McNamara and Blue Lake shall be referred to herein, collectively, as "Covenantors". This Covenant is made with reference to the following facts:

A. The Property contains hazardous substances.

B. Description of Facts.

B.1. Contamination of the Property. A lumber mill has been operated by several owners/operators of the Property. Anti-stain solutions containing pentachlorophenol (PCP) and tetrachlorophenol (TCP) were applied to lumber at the Property's green chain equipment, and anti-stain solutions containing PCP, TCP and copper-8-quinolinolate were applied to lumber at the Property's unit dip tank building. As a result of this activity, PCP and TCP were released to soil at and nearby the Property's green chain equipment, and PCP, TCP and copper-8-quinolinolate were released to soil beneath the Property's unit dip tank building. Polychlorinated dibenzo-p-dioxins (PCDDs) and polychlorinated dibenzofurans (PCDFs) have also been found in the soil at the Property's green chain equipment. The PCDDs and PCDFs are likely associated with the anti-stain solutions since they are undesired byproducts formed during the manufacture of PCP and TCP.

B.2. Exposure Pathways. The risk of public exposure to the contaminants will be minimized by: 1) covering contaminated soil at and adjacent to the Property's green chain equipment with a concrete cap; and 2) leaving in place the concrete slab floor of the

Property's unit dip tank building. If contaminated soil at the Property were uncovered or left uncovered, human exposure could take place by dermal contact and incidental ingestion, and migration of contaminants could occur through surface water runoff and infiltration of precipitation.

- C. The Property is presently owned by McNamara. The Property has been developed as a lumber mill, an industrial use, and is currently operated as such. The lumber mill is presently operated by Blue Lake; which intends to take title to the Property pursuant to its lease-purchase agreement with McNamara.
- D. The Department has determined that use restrictions must be imposed on the Property to ensure full protection of public health and safety and the environment.
- E. Pursuant to California Civil Code section 1471(c), the Department has determined that this Covenant is reasonably necessary to protect present or future human health or safety or the environment as a result of the presence on the Property of hazardous materials within the meaning of California Health and Safety Code ("H&SC") section 25260.

F. Covenantors agreed to enter into this Covenant, and to abide by its terms, in the Settlement Agreement and Consent Decree (the "Consent Decree") approved by the United States District Court for the Northern District of California (the "Court"), and entered as a consent decree of the Court on July 25, 1997, in the case entitled *State of California Department of Toxic Substances Control v. Blue Lake Forest Products, Inc., et al.*, Case No. C 97-2048 CW. Covenantors, by entering into the Consent Decree with the Department, agreed to execute this Covenant, and to abide by its terms, in partial consideration for the Department's qualified release of Covenantors' potential liability for the Property, effected by the Consent Decree.

ARTICLE I

PARAMETERS OF COVENANT

1.1 Restrictions to Run With the Land. This Covenant sets forth protective provisions, covenants, restrictions, and conditions (collectively referred to as "Restrictions"), upon and subject to which the Restricted Areas of the Property, as defined in section 2.4 of this Covenant, and every portion thereof, shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. Each and all of the Restrictions:

(a) shall run with the land, pursuant to H&SC section 25355.5;

(b) shall inure to the benefit of, and pass with each and every portion of the Restricted Areas of the Property; (c) shall apply to and bind the respective successors in interest thereof; (d) are for the benefit of, and shall be enforceable by, the Department; (e) are imposed upon each and every portion of the Restricted Areas of the Property, unless expressly stated as applicable only to a specific portion or portions thereof; (f) are imposed pursuant to H&SC sections 25355.5 and 25356.1.

1.2 Concurrence of Owner(s)/Occupant(s). Each and every Owner and Occupant, as defined in sections 2.6 and 2.7 of this Covenant, shall be deemed to be in accord with this Covenant and shall further be deemed to unconditionally agree, for and among themselves, their heirs, successors, and assignees (and for any agents thereof), to the Restrictions as herein established such that their interest(s) and/or possessory rights in the Restricted Areas of the Property are taken subject to such restrictions.

ARTICLE II

DEFINITIONS

2.1 Department. "Department" shall mean the California Environmental Protection Agency, Department of Toxic Substances Control, and shall include its successor agencies, if any.

2.2 Cap. "Cap" shall mean the concrete protective cover to be constructed on a portion of the Property, in order to isolate contaminated soils on the Property and thereby prevent human exposure to and migration of those soils.

2.3 Concrete Slab. "Concrete Slab" shall mean the concrete slab floor of the unit dip tank building located on the Property. Contaminated soils lie beneath the Concrete Slab, and the Concrete Slab prevents human exposure to and migration of those soils.

2.4 Restricted Area(s). "Restricted Area(s)" shall mean the portion of the Property where the Cap will be constructed (the "Cap Restricted Area") and the portion of the Property where the Concrete Slab is located (the "Concrete Slab Restricted Area"). The legal description of the Cap Restricted Area is attached hereto as Exhibit B and incorporated herein by this reference. The legal description of the Concrete Slab Restricted Area is attached hereto as Exhibit C and incorporated herein by this reference.

2.5 Improvements. "Improvements" shall mean all buildings, structures, fixtures, roads, driveways, regrading, and paved parking areas, constructed or placed upon any portion of the Restricted Areas.

2.6 Owner(s). "Owner(s)" shall mean McNamara or its successors in interest, including, upon consummation of its agreement to purchase the Property, Blue Lake, and including any other heirs or assigns of McNamara or Blue Lake who hold title to all or any portion of the Restricted Areas.

2.7 Occupant(s). "Occupant(s)" shall mean Blue Lake, and any other person who, in the future, is entitled by ownership, leasehold, or other legal relationship to the exclusive right to occupy any portion of the Restricted Areas.

ARTICLE III

RESTRICTIONS

3.1 Incorporation Into Deeds and Leases. Owner and Occupant agree that the Restrictions set forth herein shall be incorporated by reference in each and every deed or lease (including any sub-lease) for any portion of the Restricted Areas.

3.2 Restrictions on Use. Owner and Occupant agree to restrict the use of the Restricted Areas in accordance with the restrictions set forth herein in order to protect present and future public health and safety and to prevent potential harm to persons that might result from exposure to the hazardous substances deposited on the Restricted Areas. Owner and Occupant

agree not to use the Restricted Areas for any of the following purposes:

(a) A residence, including any mobile home or factory built housing, constructed or installed for use as permanently-occupied residential habitation.

(b) A long-term care hospital for humans.

(c) A day care facility for children or senior citizens.

(d) A public or private school for persons under 21 years of age.

3.3 Maintenance of the Cap. Owner and Occupant agree that:

(a) The integrity of the Cap shall be maintained at all times. Moreover, no portion of the Cap Restricted Area shall be used or developed in such a way as to jeopardize the integrity of the Cap. Among other things, the use of equipment or vehicles on the Cap that exceed the Cap's design load, as set forth in Exhibit D to this Covenant, incorporated in this Covenant by this reference, shall constitute the use or development of the Cap Restricted Area in such a way as to jeopardize the integrity of the Cap.

(b) The Cap shall not be removed or modified without the Department's prior written approval. (As used in this section, "modification" of the Cap shall mean any construction or activity on the Cap that would disturb or jeopardize the integrity of the Cap). Any Owner, or with the Owner's consent, any Occupant who or which owns or occupies any portion of the Cap Restricted Area may seek the Department's permission to remove or modify any part of the Cap lying on the portion of the Cap Restricted Area that he, she or it owns or occupies. Said request shall be made in writing and submitted at least sixty (60) days prior to the proposed removal or modification. The written request shall be sent by certified mail to the Department at the address set forth in section 6.2 of this Covenant. The written request shall include a detailed description of the proposed removal or modification, and a map showing the exact location of the proposed removal or modification, and shall set forth the reasons for the proposed removal or modification.

(c) The contaminated soil beneath the Cap shall not be disturbed unless a Soil Management Plan and a Health and Safety Plan governing the removal of that soil have been submitted to the Department and received the review and approval of the Department.

(d) Any Owner or Occupant who or which owns or occupies any portion of the Cap Restricted Area shall notify the Department of the following:

1) the type, cause, location and date of any disturbance to any part of the Cap lying on the portion of the Cap Restricted Area that he, she or it owns or occupies that could affect the ability of the Cap to contain subsurface hazardous substances; and

2) The type and date of the repair of such disturbance.

Notification to the Department shall be made as provided in section 6.2 of this Covenant within ten (10) working days of both the discovery of any such disturbance(s) and the completion of any repairs.

3.4 Maintenance of the Concrete Slab. Owner and Occupant agree that:

(a) The integrity of the Concrete Slab shall be maintained at all times. Moreover, no portion of the Concrete Slab Restricted Area shall be used or developed in such a way as to jeopardize the integrity of the Concrete Slab.

(b) The Concrete Slab shall not be removed or modified without the Department's prior written approval. (As used in this section, "modification" of the Concrete Slab shall mean any construction or activity on the Concrete Slab that would disturb or jeopardize the integrity of the Concrete Slab). Any Owner, or with the Owner's consent, any Occupant who or which owns or occupies any portion of the Concrete Slab Restricted Area may seek the Department's permission to remove or modify any part of the Concrete Slab lying on the portion of the Concrete Slab Restricted Area that he, she or it owns or occupies. Said request shall be in writing, submitted at least sixty (60) days prior to start of the proposed removal or modification. The written request shall be sent by certified mail to the Department at the address set forth in section 6.2 of this Covenant. The written request shall include a detailed description of the proposed removal or modification, and a map showing the exact location of the proposed removal or modification, and shall set forth the reasons for the proposed removal or modification.

(c) The contaminated soil beneath the Concrete Slab shall not be disturbed unless a Soil Management Plan and a Health and Safety Plan governing the removal of that soil have been submitted to the Department and received the review and approval of the Department.

(d) Any Owner or Occupant who or which owns or occupies any portion of the Concrete Slab Restricted Area shall notify the Department of the following:

1) The type, cause, location and date of any disturbance to any part of the Concrete Slab lying on the portion of the Concrete Slab Restricted Area that he, she or it owns or occupies that could affect the ability of the Concrete Slab to contain subsurface hazardous substances; and

2) The type and date of the repair of such disturbance.

Notification to the Department shall be made as provided in section 6.2 of this Covenant within ten (10) working days of both the discovery of any such disturbance(s) and the completion of any repairs.

3.5 Access. The Department or its designated representatives shall have access to the Restricted Areas for the purposes of inspection, surveillance, monitoring or other actions necessary to protect public health, safety or the environment.

3.6 Conveyance of Property. All Owners and Occupants shall provide a thirty (30) day advance notice to the Department of any sale, lease, sub-lease or other conveyance (not including any

mortgage or deed of trust), to a third person, of any Restricted Area, or any portion thereof or interest therein. The Department shall not have the authority to approve, disapprove, or otherwise affect any sale, lease, or other conveyance of any Restricted Area, or any portion thereof, or any interest therein, except as otherwise provided in this Covenant or by operation of law.

3.7 Notice in Agreements. All Owners and Occupants shall execute a written instrument which shall accompany all purchase, lease, sublease, and rental agreements, and other conveyance documents, relating to any portion of a Restricted Area. The instrument shall contain the following statement:

"The land described herein contains hazardous substances. Such condition renders the land, the property, and the owner, lessee, or other occupant of the land or property subject to the requirements, restrictions, provisions, and liabilities contained in Chapter 6.5 and Chapter 6.8 of Division 20 of the California Health and Safety Code. This statement is not a declaration that a hazard exists."

ARTICLE IV

VARIANCE AND REMOVAL OF RESTRICTIONS

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of any Restricted Area, or any portion thereof, may

apply to the Department for a written variance from any of the Restrictions or requirements of this Covenant that apply to said Restricted Area, or any portion thereof. Such application shall be made in accordance with H&SC section 25233.

4.2 Removal of Restrictions. Any Owner or, with the Owner's consent, any Occupant of any Restricted Area, or any portion thereof, may apply to the Department to remove any of the Restrictions or requirements of this Covenant that apply to said Restricted Area, or any portion thereof: Such application shall be made in accordance with H&SC section 25234.

4.3 Term. Unless modified or removed in accordance with sections 4.1 or 4.2 above, the Restrictions and requirements of this Covenant shall continue in effect in perpetuity.

ARTICLE V

ENFORCEMENT

5.1 Enforcement. Failure of any Owner or Occupant to comply with any of the Restrictions or requirements of this Covenant that apply to said Owner or Occupant shall be grounds for the Department to require the Owner or Occupant to modify or remove any Improvement constructed, or to remedy the effects of any other action taken, in violation of this Covenant. Any violation

of this Covenant shall be grounds for the Department to take enforcement action, including the filing of an administrative, civil or criminal action, as provided by law, against the Owner or Occupant.

ARTICLE VI
MISCELLANEOUS

6.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property or any portion thereof to the general public or for any purposes whatsoever.

6.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, such notice, demand, or other communication shall be in writing and shall be sent simultaneously to authorized representatives of the Department, the Owner and the Occupant, by certified mail, with return receipt requested.

Department Address:

California Environmental Protection Agency
Department of Toxic Substances Control
700 Heinz Avenue, Suite 200
Berkeley, California 94710-2737
Attention: Chief, Northern California--Coastal Cleanup
Operations Branch

Owner Address:

McNamara and Peepe Corporation
c/o William B. Grover
1926 East Foothill
Santa Rosa, California 95404

Occupant Address:

Blue Lake Forest Products, Inc.
c/o Richard A. Smith, Esq.
The Harland Law Firm
622 H Street
Eureka, CA 95501

In the event that the identity of any Owner or Occupant of the Restricted Areas should change, the new Owner or Occupant shall notify the Department, and all other Owners and Occupants of the Restricted Areas, within ten (10) days of becoming an Owner or Occupant of the Restricted Areas. In the event that the address of any Owner or Occupant of the Restricted Areas should change, the Owner or Occupant whose address changed shall notify the Department, and all other Owners and Operators of the Restricted Areas, within ten (10) days of its change of address.

6.3 Partial Invalidity. If any portion of this Covenant is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, the remaining portions of this Covenant shall remain in full force and effect.

6.4 Recordation. This instrument shall be executed by the Owner, the Occupant and by the Chief, Northern California - Coastal Cleanup Operations Branch, Department of Toxic Substances Control, and shall be recorded by the Owner and the Occupant in the County of Humboldt within ten (10) days of the date of execution.

IN WITNESS THEREOF, the Covenantors and the Department execute this Covenant as of the date set forth above:

McNAMARA AND PEEPE CORPORATION

By: William B. Peeper

Its Trustee

BLUE LAKE FOREST PRODUCTS, INC.

By: _____

BRUCE TAYLOR, President
Blue Lake Forest Products, Inc.

STATE OF CALIFORNIA ENVIRONMENTAL
PROTECTION AGENCY, DEPARTMENT OF
TOXIC SUBSTANCES CONTROL:

By: _____

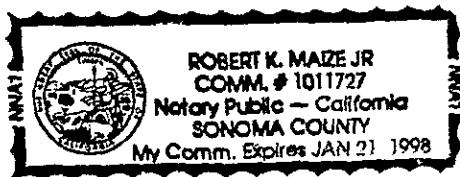
BARBARA J. COOK, P.E., Chief
Northern California - Coastal
Cleanup Operations Branch

STATE OF CALIFORNIA

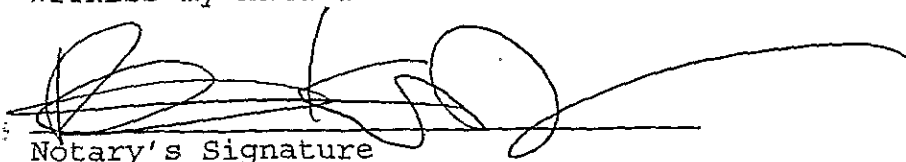
COUNTY OF

)
)
)

on Dec 29 1997, 1997 before me, a Notary Public in
and for State of California, personally appeared W. L. HAM
B. G. R. UER, personally known to me or proved to me on
the basis of satisfactory evidence to be the person whose name is
subscribed to the within instrument and acknowledged to me that
he/she executed the same in his/her authorized capacity, and that
by his/her signature on the instrument the person, or the entity
upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.


Notary's Signature

6.4 Recordation. This instrument shall be executed by the Owner, the Occupant and by the Chief, Northern California - Coastal Cleanup Operations Branch, Department of Toxic Substances Control, and shall be recorded by the Owner and the Occupant in the County of Humboldt within ten (10) days of the date of execution.

IN WITNESS THEREOF, the Covenantors and the Department execute this Covenant as of the date set forth above:

McNAMARA AND PEEPE CORPORATION

By: _____

Its _____

BLUE LAKE FOREST PRODUCTS, INC.

By: Bruce Taylor
BRUCE TAYLOR, President
Blue Lake Forest Products, Inc.

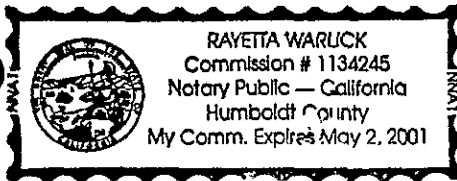
STATE OF CALIFORNIA ENVIRONMENTAL
PROTECTION AGENCY, DEPARTMENT OF
TOXIC SUBSTANCES CONTROL:

By: _____
BARBARA J. COOK, P.E., Chief
Northern California - Coastal
Cleanup Operations Branch

STATE OF CALIFORNIA)

COUNTY OF Humboldt)

On January 6, 1998 before me, a Notary Public in and for State of California, personally appeared Bruce M. Taylor, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

Rayetta Warlick
Notary's Signature

(21)

6.4 Recordation. This instrument shall be executed by the Owner, the Occupant and by the Chief, Northern California - Coastal Cleanup Operations Branch, Department of Toxic Substances Control, and shall be recorded by the Owner and the Occupant in the County of Humboldt within ten (10) days of the date of execution.

IN WITNESS THEREOF, the Covenantors and the Department execute this Covenant as of the date set forth above:

McNAMARA AND PEEPE CORPORATION

By: _____
Its _____

BLUE LAKE FOREST PRODUCTS, INC.

By: _____
BRUCE TAYLOR, President
Blue Lake Forest Products, Inc.

STATE OF CALIFORNIA ENVIRONMENTAL
PROTECTION AGENCY, DEPARTMENT OF
TOXIC SUBSTANCES CONTROL:

By: Barbara J. Cook
BARBARA J. COOK, P.E., Chief
Northern California - Coastal
Cleanup Operations Branch

C:\KEVIN\McNAMARA.COV
(4/8/97)

CALIFORNIA

ALL-PURPOSE

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF ALAMEDA)

On 1-12-98
DATE

before me.

Cheryl A. Branin

NAME, TITLE OF OFFICER - E.G., JANE DOE, NOTARY PUBLIC

personally appeared, _____

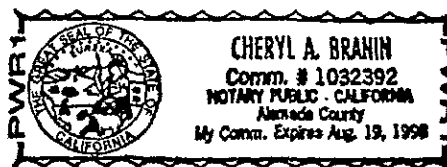
Barbara J. Cook

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Cheryl A. Branin
NOTARY PUBLIC SIGNATURE

(SEAL)



OPTIONAL INFORMATION

TITLE OR TYPE OF DOCUMENT Covenant to Restrict Use of Property McNamara and Peepe Lumber Mill

DATE OF DOCUMENT 1-12-98

NUMBER OF PAGES 32

SIGNER(S) OTHER THAN NAMED ABOVE _____

SCHEDULE "A"

That real property situated in the County of Humboldt, State of California, described as follows:

TRACT A:

All those portions of Section 13, Township 6 North, Range 1 East, Humboldt Meridian described as follows:

PARCEL ONE:

BEGINNING at a point located North 81 degrees 30 minutes West, 120.78 feet from the Northwest corner of Southwest Quarter of Southeast Quarter of said Section 13;

thence South 82 degrees 30 minutes West 222 feet to the true point of beginning;

thence South 82 degrees 30 minutes West, 372 feet to the Northwest corner of the land conveyed to Jonnie E. Kane by Deed recorded July 12, 1890 in Book 35, Page 258 of Deeds, in the office of the County recorder of said county;

thence South 8 degrees East, 367.5 feet to the county road leading to Blue Lake;

thence along same, North 82 degrees East, 372 feet;

thence North, 367.5 feet to the point of beginning;

PARCEL TWO:

BEGINNING at a point on the North side of the county road running from Arcata to Blue Lake; and running

thence North 82 degrees East along the North side of said county road, 68 links to the Southwest corner of land formerly owned by John E. Kane as conveyed to him by A. Norton by Deed dated July 11, 1890 and recorded in Book 35 of Deeds, Page 258, in the Recorder's Office of Humboldt County, California;

thence North 8 degrees West along the West line of said Kane's land, a distance of 558 links to a point;

thence South 82 degrees West a distance of 290-1/2 links to a point;

thence in a Southerly direction to the place of beginning and being situated in the Southeast Quarter of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, and being the same lot conveyed by A. Norton to Thomas Riley by Deed dated November 10, 1891, recorded in Book 41 of Deeds, Page 281, in the Recorder's Office of Humboldt County California.

PARCEL THREE:

BEGINNING at the Northwest corner of the Northeast Quarter of Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian; and running

thence South 89 degrees 50 minutes 15 seconds East along the subdivision line, 457.72 feet;

thence South 0 degrees 08 minutes 30 seconds East, 1397.46 feet to the Northwest corner of that parcel of land conveyed to Joseph L. Arnold and wife, by Deed dated January 18, 1936 and recorded in Book 256 of Deeds, Page 292;

thence South 20 degrees 38 minutes East 380.43 feet to the North line of the state highway;

EXHIBIT A

1998-2896-38

thence South 86 degrees 18 minutes West along the North line of the highway, 44.18 feet to the Northerly line of the right of way of Arcata and Mad River Railroad Company;

thence along the North line of said railroad right of way as follows:

North 51 degrees 40 minutes West 195.75 feet;

North 60 degrees 50 minutes West 75 feet;

North 67 degrees 59 minutes West 75 feet;

North 77 degrees 25 minutes West 75 feet;

North 85 degrees 03 minutes West 100 feet;

North 4 degrees 17 minutes East 13 feet;

and North 85 degrees 43 minutes West 87.19 feet to the subdivision line;

thence on same North 0 degrees 08 minutes 30 seconds West 1527.14 feet to the place of beginning.

TRACT B:

PARCEL ONE:

BEGINNING at the Northeast corner of the Northwest Quarter of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian; running

thence West, along the subdivision line, 778.7 feet to the Northeast corner of the parcel of land conveyed to Floyd Keith Walton and wife by Deed, recorded July 18, 1958, in Book 496 of Official Records, Page 423, as Recorder's File No. 10046, Humboldt County Records; running

thence South, along the East line of the Walton parcel and the Southerly extension thereof, 559.8 feet to the Northwest corner of the parcel of land conveyed to Leland A. Larsen and wife by Deed, recorded June 24, 1954, in Book 297 of Official Records, Page 385, as Recorder's File No. 8469, Humboldt County Records;

running thence South 89 degrees 40 minutes East, along the North line of said Larsen parcel, 770 feet to the East line of said Northwest Quarter of the Southwest Quarter, being marked by a 3/4-inch iron pipe monument;

and thence North, along the last mentioned line, 560 feet to the point of beginning.

EXCEPTING THEREFROM, that portion thereof, described as follows:

BEGINNING on the East line of the Northwest Quarter of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, 764.21 feet North from the Southeast corner of said subdivision; and running

thence North 89 degrees 40 minutes West 100 feet to the true point of beginning;

thence North 0 degrees 27 minutes East 25.0 feet;

thence North 89 degrees 40 minutes West 342.3 feet;

thence South 0 degrees 27 minutes West 25.0 feet;

thence South 89 degrees 40 minutes East 342.3 feet to the true point of beginning;

continued...

PARCEL TWO:

BEGINNING at the Southwest corner of Parcel One above described; and running
thence South 73 degrees 55 minutes West, 20.83 feet;
thence North, 77.28 feet;
thence South 60 degrees 00 minutes East, 23.09 feet to the West line of said Parcel One;
thence South, along the last mentioned line, 60 feet to the point of beginning.

PARCEL THREE:

A non-exclusive right of way for ingress, egress and public utility purposes over a strip of land of the uniform width of 20 feet, the East and North lines of which are described as follows:

BEGINNING at the Northeasterly corner of parcel Two and running
thence North 499.8 feet to the North line of the Northwest Quarter of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian;
thence West, along the last mentioned line, 560.3 feet to the Northwest corner of said subdivision.

PARCEL FOUR:

A non-exclusive right of way for ingress, egress and public utility purposes over a strip of land of the uniform width of 20 feet, the West and Southerly lines of which are described as follows:

BEGINNING at a point from which the Southwest corner of Parcel One bears due East, 20 feet; running
thence South 77.28 feet to the North line of the land conveyed to Bruce K. Davis et ux, by Deed, recorded April 26, 1955 as Instrument No. 6466, Humboldt County Records, and continuing South parallel to the East line of said Davis parcel 20 feet therefrom measured at right angles, 380 feet, more or less, to the North line of an existing 20-foot roadway;
thence South 88 degrees West along the North line of said 20-foot roadway, 565 feet, more or less, to the West line of Sections 13, Township 6 North, Range 1 East, Humboldt Meridian, said point being 292.2 feet North of the Southwest corner of the Northwest Quarter of Southwest Quarter of said section; and
thence South along said section line, 292.20 feet to the Southwest corner of the Northwest Quarter of Southwest Quarter of said section.

EXCEPTING THEREFROM that portion thereof lying within the lands conveyed to the State of California for highway purposes by Deed recorded March 11, 1963 in Book 727 of Official Records, Page 179.

continued...

EXHIBIT A

1998-2896-38

PARCEL FIVE:

That portion of the West Half of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, described as follows:

A non-exclusive easement for ingress, egress and public utility purposes over the existing roadway through and across the land acquired by Cannon Dall Lumber Co., by the following Deeds:

(a) Deed from John D. Snider and wife, recorded June 10, 1949 under Recorder's file No. 5267, in the office of the County Recorder of said county.

(b) Deed from Bertha Munther, recorded June 10, 1949 under Recorder's File No. 5243, in the office of the County Recorder of said county.

(c) Deed from William A. Roberts and wife, recorded October 24, 1950 under Recorder's File No. 11119, in the office of the County Recorder of said county.

TRACT C:

PARCEL ONE:

The East 150 feet, measured at right angles to the East line of that portion of the Southwest Quarter of the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, described as follows:

BEGINNING on the North line of the Arcata and Mad River Railroad strip at the point where a projection Northerly of the West line of the land of Adolf Johnson and wife intersects said North line of said railroad strip; thence Northerly on a projection of said Johnson's West line to the North line of said Southwest Quarter of Southwest Quarter; thence East along said North line to the Northeast corner of said subdivision; thence South along the subdivision line to the North line of said railroad strip; thence Westerly along the North line of said railroad strip 650 feet to the point of beginning.

By the West line of the land of Adolf Johnson and wife, is meant the land conveyed to Adolf R. Johnson by Deed recorded in Book 170 of Deeds, Page 390.

PARCEL TWO:

A non-exclusive easement for ingress and egress over the following described parcel of land:

BEGINNING on the Northline of the former state highway at a point distant thereon South 82 degrees 30 minutes West 589 feet and South 89 degrees 06 minutes West 167 feet from the Westerly line of the Arcata and Mad River Railroad right of way in the South Half of the Southwest Quarter of said Section 13;

continued...

EXHIBIT A

thence along the North line of said highway North 89 degrees 06 minutes West 83.5 feet to the Southeast corner of the former M.C. Allen and wife land;

thence along the East line of said Allen land North 00 degrees 09 minutes West 318.5 feet to the South line of the Arcata and Mad River Railroad Co. right of way;

thence along said South line South 85 degrees 28 minutes East 74.83 feet;

and thence leaving said right of way and running South 01 degrees 52 minutes East 311.34 feet to the point of beginning.

PARCEL THREE:

A non-exclusive easement for ingress and egress upon and across the Easterly 30 feet of the following described land:

BEGINNING at the Southeast corner of the Northwest Quarter of the Southwest Quarter of said Section 13;

thence West along the subdivision line 570 feet;

thence Northeasterly in a straight line to a point on the East line of said Northwest Quarter of the Southwest Quarter which is distant thereon 764.21 feet Northerly from the point of beginning;

and thence South along the subdivision line 764.21 feet to the point of beginning.

PARCEL FOUR:

A 30 foot non-exclusive easement for ingress and egress along the Southerly boundary of that portion of the Southwest Quarter of the Southwest Quarter of said Section 13, described as follows:

BEGINNING on the North line of the Arcata and Mad River Railroad strip at the point where a projection Northerly of the West line of the land of Adolf Johnson and wife intersects said North line of said railroad strip;

thence Northerly on a projection of said Johnson's West line to the North line of said Southwest Quarter of Southwest Quarter;

thence East along said North line to the Northeast corner of said subdivision;

thence South along the subdivision line to the North line of said railroad strip;

thence Westerly along the North line of said railroad strip 650 feet to the point of beginning.

By the West line of land of Adolf Johnson and wife, is meant the land conveyed to Adolf R. Johnson by Deed recorded in Book 170 of Deeds, Page 390.

EXCEPTING THEREFROM that portion lying within Parcel One of Tract C.

continued...

EXHIBIT A

1998-2896-38

28

TRACT D:

PARCEL ONE:

BEGINNING on the quarter section line running East and West through the center of Section 13, in Township 6 North, Range 1 East, Humboldt Meridian, at a point which is distant thereon South 89 degrees 27 minutes East 625.2 feet from the West line of said section, said point being the Southeast corner of the parcel of land heretofore deeded to Edward H. Kelly and wife, by Deed dated March 1, 1957 and recorded March 15, 1957 as Recorder's File No. 4093;

thence North 0 degrees 50 minutes East along the East line of said parcel deeded to Kelly and wife, 418 feet, to the Northeast corner thereof;

thence South 89 degrees 27 minutes East, parallel to said quarter section line 34.8 feet to the West line of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter of said Section 13;

thence North along said subdivision line 242 feet to the Northwest corner of said subdivision;

thence East along the subdivision line 660 feet to the Northeast corner of said subdivision;

thence South along the East line of said subdivision 660 feet to the quarter section line;

and thence West along the quarter section line, 694.8 feet to the point of beginning.

EXCEPTING FROM the above lands all oil, gas and other minerals, that may be in or under said above described land, together with the right of egress and ingress for the purposes of developing said minerals, all as reserved by Ogletree Lands Company in Deed recorded February 24, 1949, in Book 85 of Official Records, Page 35, Humboldt County Records.

PARCEL TWO:

A non-exclusive easement for ingress and egress over the North 40 feet of the Southwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 13, as conveyed by Deed from Richard N. Parker to Clarence Wabbel and wife, recorded December 31, 1958, in Book 516 of Official Records, Page 301, Humboldt County Records.

TRACT E:

PARCEL ONE:

BEGINNING at a point on the South line of the State Highway U.S. 299, as it existed on August 16, 1950, which is 44 feet wide, said point being North 29 degrees 38 minutes West, 976.8 feet from the South quarter section corner of Section 13, Township 6 North, Range 1 East, Humboldt Base and Meridian;

continued...

EXHIBIT A

1998-2896-38

Schedule "A" Page Seven
(continued)

thence Easterly along said South line of highway, North 82 degrees 26 minutes East, 171.0 feet;

thence South 7 degrees 34 minutes East, 200 feet to the North line of Arcata and Mad River Railroad right of way;

thence following same right of way line, North 89 degrees 57 minutes West, 172.5 feet;

thence following same on a curve to the right with a radius of 705 feet, a distance of 413 feet to the intersection of the North line of the railroad right of way and the South line of said Highway at a point 365 feet from the point of beginning;

thence North 82 degrees 26 minutes East, 365 feet to the point of beginning.

PARCEL TWO:

That land lying within the State Highway as it existed on August 16, 1950 lying directly North of Parcel One.

PARCEL THREE:

BEGINNING at a point which is the Northeast corner of a parcel of land sold by Scott Wolf to Bernard Kirsch, said point being 871.5 feet North and 313.5 feet West of the quarter corner on the South line of Section 13, in Township 6 North of Range 1 East, Humboldt Meridian, and running;

thence South 7 degrees 34 minutes East, 200 feet along East line of said Parcel of land sold by Wolf to Kirsch to North line of Arcata and Mad River Railroad;

thence along North line of said Arcata and Mad River Railroad, North 89 degrees 10 minutes East, 140 feet;

thence North 7 degrees 13 minutes West, 15 feet;

thence North 89 degrees 10 minutes East, 60 feet;

thence North 7 degrees 13 minutes West, 208.5 feet to South line of State Highway as it existed on June 14, 1951;

thence following South line of said highway, South 82 degrees 26 minutes West, 200 feet to the point of beginning.

EXHIBIT A

LS 11 P 176
3 P 29
12 P 126
PM5 PG61=PM589
PM5 PG66=PM592

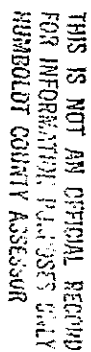


EXHIBIT A

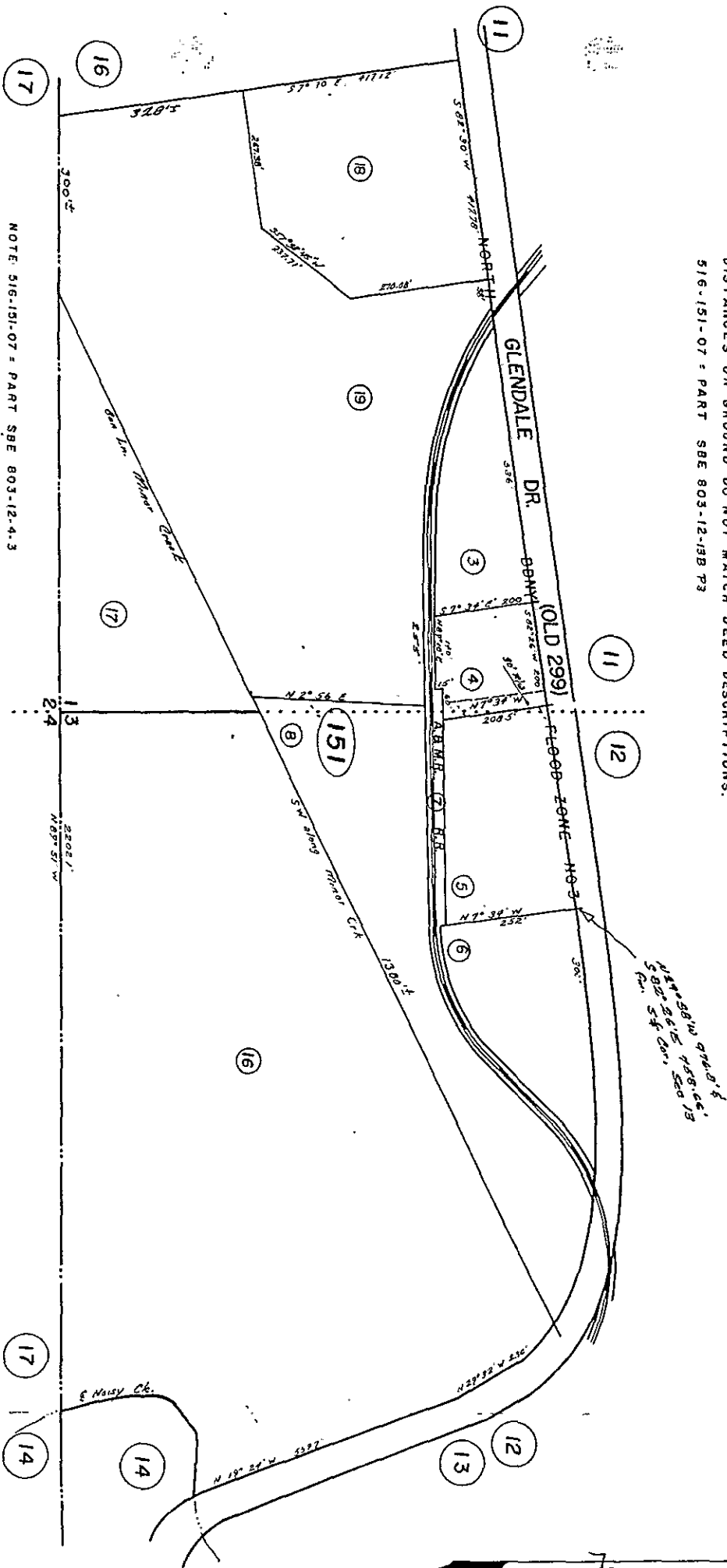
PTN S½ SEC 13, 6N1E

516-15

1" = 200'

LS: 12 P 128
AERIAL PHOTO. COPE 15-32

NOTE:
VERY LITTLE ON THIS PAGE FITS.
DISTANCES ON GROUND DO NOT MATCH DEED DESCRIPTIONS.
516-151-07 = PART SBE 803-12-19B P3



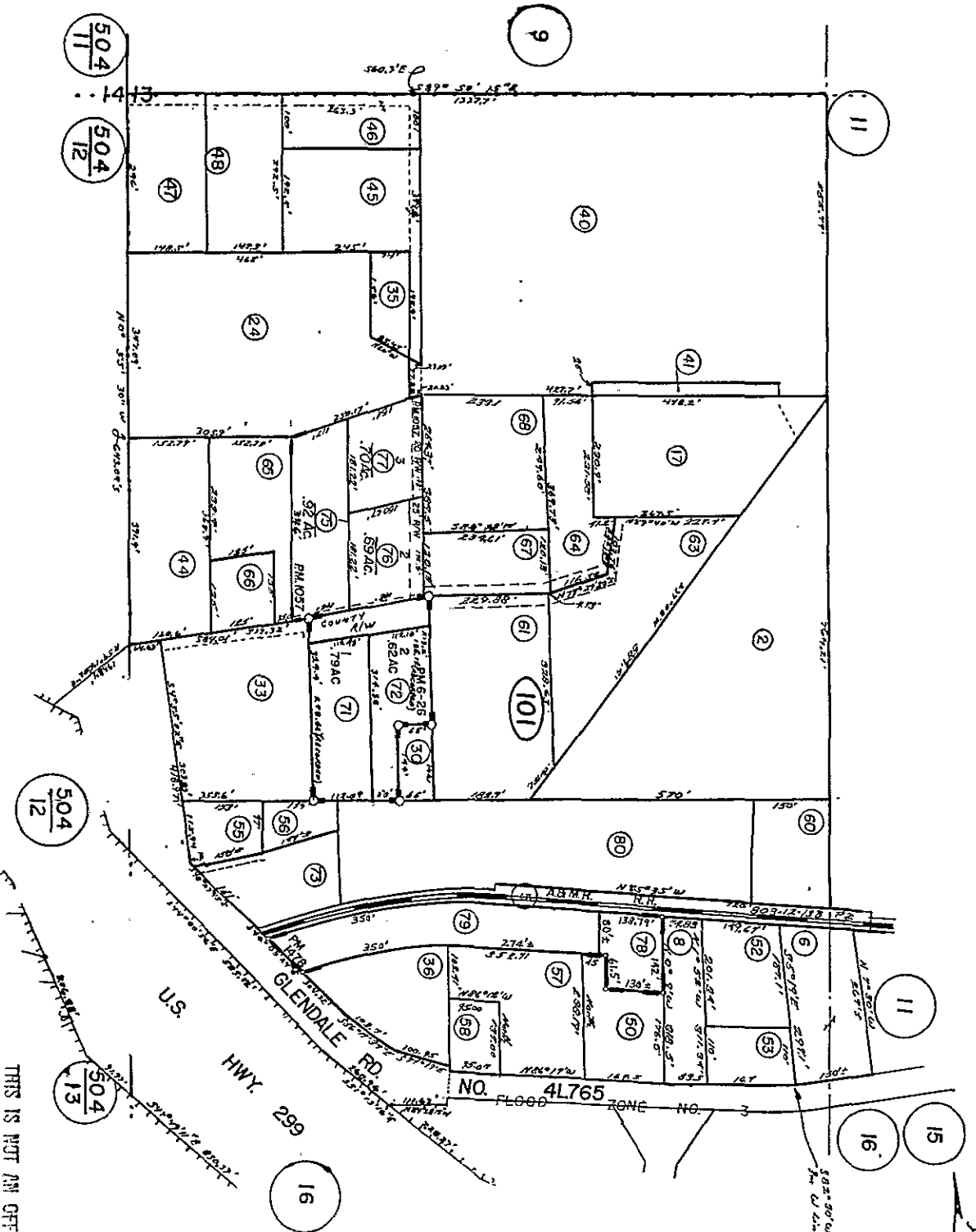
NOTE: 516-151-07 = PART SBE 803-12-4-3

EXHIBIT A

THIS IS NOT AN OFFICIAL RECORD
FOR INFORMATION PURPOSES ONLY
HUMBOLDT COUNTY ASSESSOR

1000 2806 20

O.S. Bk. 3 Pg. 29
 O.S. Bk. 11 Pg. 176
 O.S. Bk. 12 Pg. 15
 O.S. Bk. 12 Pg. 128
 C.S. 7K. 28 Pg. 80
 Bk. 29 Pg. 78
 Bk. 6 Pg. 26 = PM 684
 PM No. 1057 of PM. Bk. 9, Pg. 76
 PM. No. 1478 of PM. Bk. 13, Pg. 10



THIS IS NOT AN OFFICIAL RECORD
 FOR INFORMATION PURPOSES ONLY
 HUMBOLDT COUNTY ASSESSOR

EXHIBIT A

EXHIBIT B

LEGAL DESCRIPTION (Green Chain Area)

All that real property located within the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, County of Humboldt, State of California, described as follows:

BEGINNING at the Southeast corner of the Southwest Quarter of said Section 13, monumented on the ground with a 2½" brass cap on an iron pipe stamped "LS 2020" as set on the survey in Book 12 of Surveys, page 128, Humboldt County Records; thence, North 46 degrees 33 minutes 35 seconds West, 1,640.76 feet to the True Point of Beginning;

THENCE. North 01 degree 00 minutes 00 seconds East, 90.00 feet;

THENCE. North 89 degrees 00 minutes 00 seconds West, 165.00 feet;

THENCE. South 46 degrees 00 minutes 00 seconds West, 21.21 feet;


THENCE. South 01 degree 00 minutes 00 seconds West, 60.00 feet;

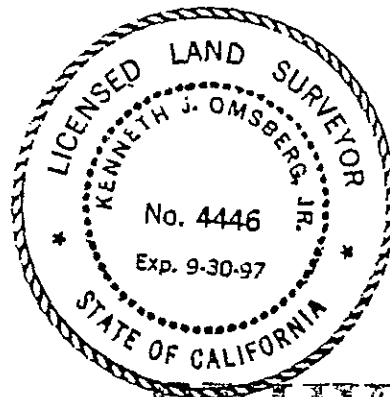
THENCE. South 44 degrees 00 minutes 00 seconds East, 21.21 feet;

THENCE. South 89 degrees 00 minutes 00 seconds East, 165.00 feet to the True Point of Beginning.

Bearings for the above described land are based on Book 39 of Surveys, page 11-13. Humboldt County Records.

This real property description has been prepared by me or under my direction in conformance with the Professional Land Surveys Act on February 25, 1997.


Kenneth J. Omsberg, Jr. LS 4446
Expires 9-30-97



1998-2896-38

35

EXHIBIT B

EXHIBIT C

LEGAL DESCRIPTION (Dip Tank Building)

All that real property located within the Southwest Quarter of Section 13, Township 6 North, Range 1 East, Humboldt Meridian, County of Humboldt, State of California, described as follows:

BEGINNING at the Southeast corner of the Southwest Quarter of said Section 13, monumented on the ground with a 2½" brass cap on an iron pipe stamped "LS 2020" as set on the survey in Book 12 of Surveys, page 128, Humboldt County Records; thence, North 20 degrees 07 minutes 59 seconds West, 771.11 feet to the True Point of Beginning;

THENCE, North 07 degrees 30 minutes 00 seconds West, 79.02 feet;

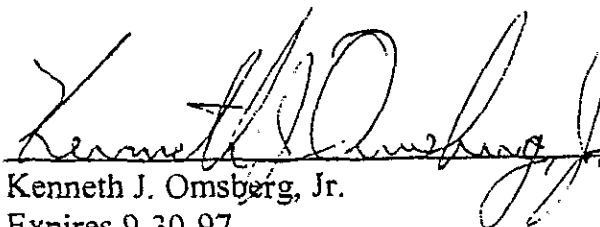
THENCE, South 82 degrees 30 minutes 00 seconds West, 85.84 feet;

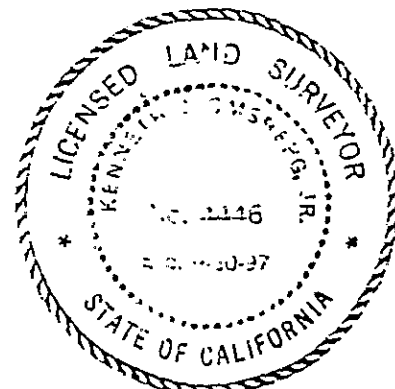
THENCE, South 07 degrees 30 minutes 00 seconds East, 68.00 feet;

THENCE, North 89 degrees 49 minutes 00 seconds East, 86.54 feet to the True Point of Beginning.

Bearings for the above described land are based on Book 39 of Surveys, page 11-13, Humboldt County Records.

This real property description has been prepared by me or under my direction in conformance with the Professional Land Surveys Act on February 25, 1997.


Kenneth J. Omsberg, Jr. LS 4446
Expires 9-30-97



1998-2896-38

(36)

EXHIBIT C

BROWN AND CALDWELL

November 24, 1997

Ms. Linda S. Mackey, President
EnviroNet Consulting
3601 Regional Parkway, Suite A
Santa Rosa, CA 95403

3872-01.5

Subject: Concrete Slab Design

Dear Ms. Mackey:

The purpose of this letter is to formalize some of the discussions we have had recently in regard to the concrete slab designed and installed at the Blue Lake Forest Products facility in Arcata, California. As you are aware, the basis of design changed verbally several times during the initial planning stages and negotiations with parties. A high degree of conservatism was used in the design process because of uncertainty at that time: 1) we were not able to obtain direct soil strengths characteristics, 2) a request to bury impacted materials under the slab may create a void, and 3) because slab loading changes were not consistent.

The initial bases of design included a 150,000-pound loader (Cat 988) with 70/30 Axle Load distribution. That loading condition set the stage for the slab thickness and initial reinforcing steel; However, the critical design criteria was the assumption that a 27-foot wide by 180 feet long void would exist under the center portion of the slab. That void did not materialize, in fact the burial pit was 10 feet by 18 feet in plan dimension located at the western end of the slab. In addition, the buried material were encased in concrete.

Another important factor in the design is the modulus of subgrade reaction and not having real data, we assumed it to be 25-pci (worse case scenario) during design. Just prior to construction, we confirmed that the modulus is closer to 70 pci, due to timing and the pre-approval, we did not change the design. Because we were informed that loads would be reduced to the green chain loading and light vehicle traffic, and a canopy would be placed over the slab limiting a loader access, we used the green chain loads provided by Anvick and nominal (Caltrans H-20) wheel loading in our final design calculations. A load limit was used so that uncontrolled slab loading would not occur and that in the event higher loading were anticipated, a structural engineer would have the opportunity to review the situation for conformance with the intent of the design (Letter dated August 15, 1997). Notes on the

Environmental Engineering And Consulting

P.O. Box 8045, WALNUT CREEK, CA 94596-1220 • 3480 BUSKIRK AVENUE, SUITE 150, PLEASANT HILL, CA 94523-4342
(510) 937-9010 FAX (510) 937-9026

EXHIBIT T

Ms. Linda S. Mackey
November 21, 1997
Page 2

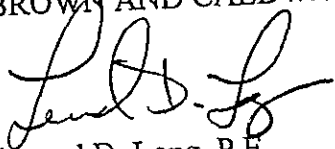
drawings (Sheet S1, reviewed by all parties prior to construction) clearly indicate the H-20 loading limit.

There is no doubt that the slab can adequately support higher loading and the 56,620 pound forklift suggested in the information provided. Based on the data accumulated to date and professional judgement, the 56,620 pound should be considered the maximum allowable load without further calculation.

If you have any further questions regarding the slab design, please contact me at (510) 210-2510.

Very truly yours,

BROWN AND CALDWELL



Lenard D. Long, P.E.
Manager, Environmental Services

LDL:paa

EXHIBIT I